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*PROJECT ASSISTANCE COMPLETION REPORT  
PUBLIC SERVICES IMPROVEMENT PROJECT  
GRANT AGREEMENT No. 519-0320*

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**PROJECT ASSISTANCE COMPLETION REPORT  
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**I. PROJECT SUMMARY**

*The Public Services Improvement Project No. 519-0320 was authorized on August 4, 1989, in the midst of a civil conflict and economic stagnation. Damage to the country's infrastructure, as well as lack of expansion and the failure to perform adequate maintenance, had greatly reduced the availability of public services, especially in rural areas, and was contributing to poor health status and reduced economic productivity. The five-year Project Grant Agreement with the GOES was signed on August 30, 1989, for a \$75 million of USAID contribution and a \$60 million equivalent of GOES counterpart contribution, i.e., a \$135 million project.*

*The Project had an original Project Assistance Completion Date (PACD) of September 30, 1994. Project Implementation Letter No. 188, dated September 22, 1994, extended the implementation period for some selected non-water and sanitation activities to March 31, 1995. Project Amendment No. 9, executed on April 18, 1994, changed the PACD to September 30, 1996, for the water supply, sanitation and health education activities. Amendment No. 10, dated September 23, 1996, approved an additional extension of the PACD through September 30, 1997, for the water supply, sanitation and health education activities.*

**A. Project Goals**

*The goals of the Project were:*

- \* To provide for economic and social stabilization and growth; and*
- \* To assure broad participation in the benefits of growth.*

**B. Project Purposes**

*The Project Purposes were :*

- \* To restore and preserve vital public services provided by the infrastructure agencies;*
- \* To improve and sustain the access of rural populations to markets;*
- \* To increase access to potable water supply and sanitation systems for rural populations, and to increase the proper utilization of water and sanitation systems in beneficiary families; and*

*\* To support GOES efforts under the National Reconstruction Plan (NRP) by intensifying maintenance and repair programs on the public physical infrastructure, and increasing access to services. (This purpose was included in Project Grant Amendment No. 7, executed on September 7, 1992, as a result of the formal signing of the Peace Accords on January 16, 1992.)*

### **C. Project Background and Description**

*During the early 1980's, the internal warfare and a global recession, which reduced prices for El Salvador's principal agricultural crops (coffee, cotton and sugar), had a devastating effect on the economy. Between 1980 and 1985, real Gross Domestic Product fell by 25 percent. Over 500,000 persons were displaced from their rural homes, and hundreds of thousands more migrated to other countries. Schools, health facilities and municipal centers were destroyed. Dams, power lines, water supplies and railroads were attacked and routinely damaged by guerrillas. Over the course of the first four years of fighting, every major bridge in the country was sabotaged. Many foreign investors left, numerous domestic businesses closed their doors, and massive capital flight took place.*

*During the thirteen years of the civil war, between 60,000 and 80,000 persons lost their lives, and between 750,000 and a million persons emigrated to other countries, principally the United States. The cost of replacing or repairing war-damaged infrastructure was estimated at \$1.3 billion.*

*An October 1986 earthquake added to the already overwhelming infrastructure problems of the country, with destruction and damages estimated at \$1.1 billion in the Metropolitan San Salvador Area, including 60,000 dwellings (largely in urban slums), 185 kilometers of water and sewage pipes, and 2,500 hospital rooms.*

*Against this backdrop of violence, destruction and economic contraction, the U.S. Government made the decision in the early 1980s to assist the GOES. The alternative was the possibility of a second communist country in Central America, Nicaragua, then being in Sandinista hands. From 1980 to 1991, El Salvador received approximately \$3.1 billion in economic assistance.*

*To avoid further deterioration of social and economic conditions, an early USAID response was to work on the problem of maintaining and restoring public services affected by the violence. The Public Services Restoration Project (No. 519-0279) was initiated in early 1981, signed in November 1981, and scheduled to run until September 1990.*

*The repair and restoration of the country's economic infrastructure required that each of the GOES major public services agencies establish a quick response capability to maintain services, as attacks were frequent. (Between 1979 and 1990, 3,241 attacks were made on high-tension electric towers, and 110 bridges were damaged or destroyed.) Typically this meant having*

*specialized personnel trained for rapid response and having tools, equipment and replacement parts readily available. The latter also required a capability for rapid international procurement of specialized equipment not available in-country.*

*The Public Services Restoration Project financed the technical advice, training, tools and equipment, replacement parts, helicopter services, and other services needed to develop and sustain such quick response capability. Over the life of Project 519-0279, USAID expended \$111.6 million, primarily for imported tools and equipment. The GOES provided an estimated \$81.3 million, largely through in-kind contributions and Host Country Owned Local Currency (HCOLC), for local repair costs.*

*The Public Services Improvement Project No. 519-0320 was a follow-on to Project No. 519-0279. However, it contained developmental interventions which were not included in Project No. 519-0279. It also introduced Host Country Contracting for construction Services with U.S. dollars. Both of these changes increased the complexity of the Project's implementation.*

*The Project literally had a "baptism under fire", when three months after the Project Agreement was signed, the guerrillas launched an armed attack ("final offensive") against San Salvador. While the attack failed, it caused the temporary evacuation of many USAID employees, some of whom never returned. Both the physical and psychological disruptions had a lasting impact on the initial phase of the Project.*

#### **D. Project Components**

*With the addition of Grant Amendment No. 7, the Project consisted of the following five components:*

*Component 1: Public Services Restoration. Support restoration of services interrupted and facilities damaged or destroyed as a result of insurgent activity or natural disaster.*

*This Component was designed to provide the financial support, principally foreign exchange, needed by the public services agencies to repair direct and indirect damage caused by guerrilla action during the war and, if required, by natural disaster. This Component continued restoration assistance previously provided under the Public Services Restoration Project No. 519-0279. The implementing agencies were the National Water and Sewer Administration (ANDA), the Lempa River Hydroelectric Executive Commission (CEL), the Autonomous Port Executive Commission (CEPA), and the Ministry of Public Works (MOP).*

*During the civil war, the electric power grid was sabotaged several times each week by the cutting of transmission lines and by blasting towers, poles, and transformers. The railroad was attacked by dynamiting locomotives and track. Most damage to ANDA equipment was actually*

*caused by the attacks on the power grid, which resulted in burned out motors, switch gear and valves, and damaged pumps. As most bridges had been destroyed and replaced with temporary structures (e.g., Bailey bridges), they were now being attacked less often due to their replaceability and improved security.*

*In addition to the importation of commodities, this Component was to fund helicopter services for use by CEL in the repair of electrical transmission lines and towers. The Component also provided GOES local currency for the installation of imported commodities in ANDA and CEPA.*

*Under this Component, USAID served as a financing agent for Host Country Contracts awarded by the implementing authorities, and as the contracting agent for USAID direct procurement. The largest direct procurement was for the helicopter services which made it possible for CEL to ferry crews and materials to sites of sabotage. USAID maintained the right of approval on all contract documents, procedures and awards, and monitored the receipt, the warehousing and end use of commodities. The Technical Assistant Team, contracted under Component IV, reviewed technical specifications for selected ANDA, MOP, and CEPA host country procurements prior to USAID approval. One hundred and sixty-five separate procurement actions were completed under this Component with only six defaults or cancellation for cause (because of attempts by vendors to supply goods of non-U.S. origin or to ship in non-U.S. ships).*

*With the end of hostilities in early 1992, Component I, together with the rest of the Project, was re-directed to support the Peace and National Recovery Program. Some commodities originally purchased under Component I were directed to the cause of the post-war reconstruction.*

*In summary, Component I assisted the restoration of all critical services in the public service sectors in accessible areas whenever they were interrupted.*

*Component 2: Secondary, Tertiary, and Lower Class Rural Road Deferred Maintenance and Repair. Assist in performance of deferred maintenance and repair of indirect damage to rural roads, and in maintenance of A.I.D. financed construction equipment required for road maintenance.*

*This Component was designed to finance the major effort of repairing secondary, tertiary, and rural roads (other than the primary national highways) which deteriorated due to financial constraints. Together with the Institutional Strengthening objective of Component 4, this Component also sought to enhance the capability of the Ministry of Public Works (MOP) to plan and manage road maintenance through the efforts of two of its dependencies, the Directorate General of Highways (DGC) and the Administration for Machinery and Equipment (AME). Prior to the 1992 Peace Accords, road rehabilitation activities under this Component were confined primarily to the non-conflictive areas of the country. As a direct result of the Peace Accords, roads also were rehabilitated in ex-conflictive zones as part of the USAID immediate response phase.*

Component 3: Potable Water Supply, Sanitation and Health. Construct and repair small rural water systems and sanitary facilities, and provide health education, in rural communities.

*This Component was designed to increase the access to potable water and sanitation services in small towns (defined as having populations less than 2,000) through the restoration or installation of water supply/distribution systems in association with community organization and health education activities. The primary implementing agencies were ANDA for water supply and sanitation (WS&S) systems and the Ministry of Health (MOH) for health education and community organization activities. In mid-1993, the participation of several U.S. PVOs/NGOs was secured to implement WS&S and health education activities. Since this is an on-going Component with September 30, 1997 as the PACD, a formal Project Assistance Completion Report (PACR) should be prepared, for these activities, at the end of their implementation.*

Component 4: Institutional Strengthening, Project Support, and Monitoring and Evaluation. Provide technical assistance to assist in project management to enhance the implementing institutions' capability to perform their functions and sustain Project activities, and to perform evaluations and audits.

*This Component was designed to finance technical assistance, training and commodity support to enhance the capability (planning and management skills, financial management, management information systems, and competitive procurement and contracting) of Project implementing agencies, to provide for USAID management of the Project, to promote a policy dialogue agenda, and to perform evaluations and audits.*

Component 5: Post-War Maintenance, Repair and Reconstruction. To provide access to services and to assist in performance of intensive maintenance, and repair and reconstruction of public sector infrastructure in formerly conflictive zones.

*With the signing of the Peace Accords in January 1992, USAID decide to establish a Peace and National Recovery Project (No. 519-0394) and to amend certain existing USAID Projects so that they would support the GOES' National Recovery Plan (NRP). Therefore, Project No. 519-0320 was amended (Project Grant Amendment No. 7, executed on September 7, 1992), adding this Component to focus certain of the Project's activities on the NRP-designated ex-conflictive areas and for this purpose, to provide a minimum of \$20 million for: (a) CEL: rehabilitation of distribution and sub-transmission systems, and procurement of related commodities, (b) CEPA: rail line and related bridges rehabilitation, and commodities for rolling stock and facilities, (c) MOP: rural road rehabilitation, and (d) Municipalities and U.S. PVOs/NGOs: WS&S promotion, design and construction, and health education and training.*

## **II. PROJECT ACCOMPLISHMENTS TO 31 MARCH 1995: MAJOR OUTPUTS**

### ***Component I***

<i>Description</i>	<i>Planned LOP</i>	<i>Actual</i>	<i>% of LOP</i>
1. <i>Restoration of ANDA water systems outside San Salvador</i>	0	0	N/A
2. <i>Restoration of electric distribution and transmission systems (incidents)</i>	0	1,255	N/A
3. <i>Restoration of damaged railway facilities (incidents)</i>	0	361	N/A
4. <i>Restoration of damaged airport facilities</i>	0	2	N/A
5. <i>Restoration of damaged ocean port facilities</i>	0	1	N/A
6. <i>Restoration of bridges</i>	0	0	N/A

*There were no specific EOPS indicators established for Component I because of the nature of the problem it was designed to solve; that is, to react to externally caused, hopefully temporary incidents of unpredictable number and scope. Component I must be considered a success in that it assisted the restoration of all critical services in the public service sectors in accessible areas whenever they were interrupted.*

### ***Component II***

<i>Description</i>	<i>Planned LOP</i>	<i>Actual</i>	<i>% of LOP</i>
1. <i>Repair and maintenance of secondary, tertiary, and rural roads</i>	1000	788	79
2. <i>Maintenance, control, and operation of construction equipment and vehicles (units)</i>	297	178	60

*The DGC was responsible for the implementation of the road and maintenance program. Six hundred kilometers of the original target of 1,600 kilometers were re-scheduled to Component V and targeted for the ex-conflictive zones per Amendment No. 7 to the Project Agreement, dated 7 September 1992. The modified target for Component II was then 1,000 kilometers. The target was not achieved, principally, due to the fact that funds originally programmed were not sufficient to complete the total number of sub-projects contemplated when the Project was designed because of the low cost estimate in the Project Paper.*

*AME was the implementing unit for the management and maintenance of the vehicle and construction equipment fleet. The rate of 60 % of the inventory being maintained in operating conditions at any one time was attributed to low productivity of labor and delays in receiving repair parts in the shops.*

### **Component III**

	Description	Planned LOP	Actual	% of LOP
1.	120 communities served by small water systems repaired (number of systems)	38	0	0
2.	900 new small water and sanitation systems installed:			
	-Latrines	16000	4,878	30
	-Drilled Wells	600	195	32
	-Small Systems (Number of communities)	30	20	66
	-Handdug Wells	100	82	82
	-Handdug Well Restoration	250	490	196
3.	Water committees formed for each new systems	350	709	203

Since this is an on-going Component, currently under implementation by US PVOs/NGOs, with September 30, 1997 as the PACD, a formal evaluation and a PACR should be done for WS&S activities at the end of their implementation.

### **Component IV**

	Description	Planned LOP	Actual	% of LOP
1.	Management systems installed in Caminos MU (%)	100	100	100
2.	Caminos Management Unit established (%)	100	100	100
3.	ANDA Management Unit expanded and fully staffed, and management systems installed (%).	100	100	100

During the life of the Project, there was an initial rural road inventory, an up-date of that inventory, then an inventory of the rural roads in the ex-conflictive zones, and finally an inventory of community roads (caminos vecinales). The TA input for the achievement of these inventories was gradually reduced as the DGC took more and more responsibility for performing the inventories. Also, the TA team introduced the SIAMV (Sistema Integrado de Administración del Mantenimiento Vial or Integrated System for Road Maintenance Management), a sophisticated software through which maintenance costs could be introduced into the inventory data base, and projected budgets could be obtained, depending upon the level of maintenance chosen. Eventually, the DGC took over control of this system. In addition, the DGC also learned how to carry out an economic feasibility study and present it to a financing agency. The leadership of the new Road Maintenance By Contract Division benefited from USAID-funded observational tours of maintenance operations in Honduras, Chile and Argentina. The TA team also stressed sound environmental practices to DGC in its maintenance and rehabilitation efforts, and provided with examples taken from a U.S. Army Corps of Engineers Handbook "Environmental Considerations in Road Construction Supervision."



Component IV activities strengthened the management capability of the DGC. The DGC Management Unit (MU) developed managers which are of considerable value to the DGC. A former manager of the MU has been named the manager of the much larger highway and road program funded by loans from the IDB, CABEL and Japan. A deputy manager of the MU has been named a deputy to the acting Director General. Thus, it appears that the systems and processes which proved effective in the MU may be adapted to other parts of the DGC.

The only institution strengthening output projected for ANDA in the Project Paper, a fully staffed MU utilizing modern management systems, was not realized, nor will it be realized. In fact, it was unrealistic to assume that the MU would be a continuing part of ANDA unless the Project developed a system which would permit the Project activities to be self-financing or the GOES committed to provide funds to ANDA for continuing the rural construction activities. On the other hand, ANDA has created the Rural Development Division (DDR), which could become a self-financing unit committed to providing regulatory and advisory services to support the building and continuing functioning of potable water supply systems in rural areas. Given the attitude of ANDA's new President and the likelihood that the municipalities are going to have some self-generated resources, the DDR could play a significant regulatory and advisory role in supporting rural water development. In addition, it is reported that some of the personnel from the MU have been hired by the PVOs/NGOs carrying on the WS&S activities funded under Project No. 519-0320.

### Component V (NRP)

Description		Planned LOP	Actual	% of LOP
1.	Repair of existing water systems (ea.)	16	19	118
2.	Construction of new water systems (ea.)	22	18	81
3.	Construction/Improvement of wells with hand pumps (drilled & handdug)(ea.)	484	123	25
4.	Construction of latrines	3021	1456	48
5.	Repair/Reconstruction of electric distribution lines (kms)	270	270	100
6.	Repair/Reconstruction of electric transmission lines (kms)	125	125	100
7.	Reconstruction of electric distribution substations (ea.)	8	8	100
8.	Repair/Reconstruction of railway lines (kms)	78	78	100
9.	Repair/Reconstruction of railway bridges (ea.)	10	10	100
10.	Reconstruction of roads (kms)	600	415	69

With the signing of the Peace Accords in January 1992, USAID decide to establish a Peace and National Recovery Project (No. 519-0394) and to amend certain existing USAID Projects so that they would support the GOES' National Recovery Plan (NRP). In effect, this Component which is similar to the elements of Components I, II, and III was added to focus certain of the Project's activities on the NRP-designated ex-conflictive areas. Implementation of WS&S activities will

continue through September 1997. Electrical material and equipment which was not installed before 31 March 1995, is being used to support NRP reconstruction efforts through 0394 funded Action Plans. LOP goal for rural road reconstruction was 185 kilometers short because of low cost estimate at the planning stage, which resulted in insufficient budget level.

### III. FINANCIAL STATUS AS OF DECEMBER 31, 1996 (US Dollars)

BUDGET ELEMENT	IMPLEMENTING AGENCY	TOTAL OBLIGATION PIL 201	TOTAL ACCRUED EXPENDITURES
<b>COMPONENT I</b>			
Public Services	ANDA	2,018,221.16	2,018,221.16
Restoration	CEL	16,661,346.92	16,661,346.92
	CEPA	3,281,162.32	3,281,162.32
	MOP	1,044,104.65	1,044,104.65
<b>COMPONENT II</b>			
Rural Roads Maintenance and Repair	MOP	7,806,980.85	7,806,980.85
<b>COMPONENT III</b>			
Water Supply,	ANDA	4,330,806.75	4,330,806.75
Sanitation	MOH	0.00	0.00
and Health	PVOs/ONGs	11,302,224.94	10,636,903.94
<b>COMPONENT IV</b>			
TA, Training and Project Support		10,072,363.40	9,892,911.00
Evaluation		357,148.70	357,148.70
Audit		98,976.00	98,976.00
Inflation/Contingency		0.00	0.00
<b>COMPONENT V</b>			
Post War	CEL	3,908,749.53	3,908,749.53
Maintenance,	CEPA/FENADESAL	935,500.63	935,500.63
Repair and	MOP	1,900,204.01	1,900,204.01
Reconstruction	MUNIC. & PVOs	4,206,210.14	4,200,502.14
<b>TOTAL</b>		<b>67,924,000.00</b>	<b>67,073,518.60</b>

Note: Since the original budget for the Project is \$75,000,000, USAID is planning to reduce the Project's Authorization to \$67,924,000, the current obligation, and not to obligate any further funds to Project No. 519-0320.

#### IV. Counterpart Contributions

A comparison of the projected and actual Counterpart Contribution, in millions USDollars equivalent (Project Exchange Rate: \$1.00 = ₡5.00), reported in the Project Evaluation Report is summarized in the following table:

BUDGET ELEMENT	IMPLEMENTING AGENCY	PLANNED	ACTUAL
<b>COMPONENT I</b>			
Public Services	ANDA	6.05	0.47
Restoration	CEL	0.23	0.28
	CEPA	6.46	3.18
	MOP	0.00	0.54
<b>COMPONENT II</b>			
Rural Roads Maintenance and Repair	MOP	30.41	31.32
<b>COMPONENT III</b>			
Water Supply,	ANDA	7.12	7.00
Sanitation	MOH	1.21	1.98
and Health	PVOs/ONGs*	0.00	*
<b>COMPONENT IV</b>			
TA, Training and Project Support		0.00	0.00
Evaluation		0.00	0.00
Audit		0.00	0.00
Inflation/ Contingency		8.52	0.38
<b>COMPONENT V</b>			
Post War	CEL	0.00	4.30
Maintenance,	CEPA/FENADESAL	0.00	0.50
Repair and	MOP	0.00	6.00
Reconstruction	MUNIC. & PVOs*	0.00	*
<b>TOTAL</b>			
		60.00	55.95

\* Since this is an on-going activity with September 30, 1997 as the PACD, the Counterpart Contribution by the PVOs/NGOs and the communities is not available yet.

## **V. AUDITS AND EVALUATIONS**

*Audits carried out to date cover the implementation period ending 31 March 1995. The audit for the period 1 January 1994 through 31 March 1995 was contracted by SETEFE and is almost completed. Audit recommendations are being incorporated in the Mission tracking system to monitor actions for their closure.*

*Each of the Components were to be evaluated separately and at different stages of implementation, due to differences in the schedules of the three operational Components. Component I was to be assessed in the mid-term evaluation. Component II was to be evaluated six months after the Action Plan had been approved. Component III was to be evaluated twelve months after the start of the implementation of the Action Plans. Component IV was to be evaluated in the mid-term evaluation and, as it related to the other Components, when the individual evaluations were conducted. Also, comprehensive mid-term and end-of-project evaluations were to be carried out. Neither the special evaluations nor the mid-term evaluation were carried out. There was only a brief revisit to the Component III program by a short term expert in March-April 1992 and an in-house mid term evaluation by the MOH of its Project supported activities. It is reported that the reason for not doing these evaluations was the time which would have been involved in organizing evaluations.*

## VI. RECOMMENDATIONS FROM EVALUATIONS

*The recommendations which follow are in priority order within each implementing agency.*

### *The Machinery and Equipment Administration (AME)*

RECOMMENDATION	ACTION TAKEN
<p>* That, with relation to AME's financial problems (inadequate funds for spare parts, vehicles and training), USAID:</p> <p>(1) restore some of the cuts in AME's current Action Plan funding, especially for spare parts, specialized equipment and vehicles, and local training; and</p> <p>(2) recommend to MOP, and agree to fund, a special study to prepare options for AME development over the next five years (including the budgetary implications of each option presented). It is assumed that the study could be funded under the LBII contract.</p>	<p>Recommendation not accepted. The Mission was in the process to totally phase out from this type of activities. Only WS&amp;S activities could be considered under the Project.</p>
<p>* That the USAID task LBII to provide short-term TA to work out the bugs in the fleet management part of the CFA in order to make it fully operational.</p>	<p>Recommendation not accepted because of the closure of all non-WS&amp;S activities.</p>
<p>* That the GOES should modernize procurement procedures for production shops and projects in order to save time and money, and prevent disruption of work. As a bare minimum and to start, the limit of the shop supervisors authority to purchase should be raised from ¢500 to ¢2,500.</p>	<p>It is the GOES decision to take action on this recommendation.</p>
<p>* That AME should adopt a policy of procurement on the local economy from commercial sources, or rapid direct import, of all possible spare parts, with the objective of reducing parts inventories to an irreducible minimum. That will save time and money, and is the trend of modern management systems, including manufacturing. But first, a procurement system designed for minimum bureaucratic procedure and relying heavily on post-audit for controls must be adopted.</p>	<p>It is the GOES decision to take action on this recommendation.</p>
<p>* That the shop for AME should be built in San Miguel as soon as conditions permit. In the meantime, the highest priority work spaces should be built without waiting for funding for the entire complex.</p>	<p>It is the GOES decision to take action on this recommendation.</p>
<p>* That the fax machine for the Santa Ana shop, not included when the last proposed AME Action Plan was partially approved, should be installed in order to expedite procurements, improve office management and reduce the time and cost of messenger trips between Santa Ana and San Salvador.</p>	<p>It is the GOES decision to take action on this recommendation.</p>
<p>* That AME should investigate the feasibility of a cross-agency agreement with the railroad for unusual problems that might be profitably farmed out to the railroad shops. The railway shops of FENADESAL are highly competent in making parts and improvising when necessary.</p>	<p>It is the GOES decision to take action on this recommendation.</p>

**Directorate General of Roads (DGC)**

RECOMMENDATION	ACTION TAKEN
<p>* That the USAID:</p> <p>(1) remind the GOES in writing of the special covenant in the ProAg that "the Government of El Salvador will provide, during the life of the Project and after the Project is completed, budgetary support to MOP at a level adequate to continue the system of regular maintenance of roads."; and</p> <p>(2) request the GOES to increase funding for road maintenance, including the maintenance of the equipment needed for this work.</p>	<p>Done. The Mission has used several means to encourage the GOES to take action on the road maintenance issue. As an example, the USAID funded Intermodal Transport Study completed in August 1995 has specific sections dealing with this subject.</p>
<p>* That the GOES develop a policy and formula for distributing funds to the DGC and the municipalities for road maintenance and improvement on roads of all of the lower classifications. In other countries such distributions are made from the gasoline tax, which is viewed as a road user charge. The fees road users pay in the form of gasoline tax are used to maintain roads in the same way that revenues collected from sale of electric power are used to pay for and maintain the electric power system.</p>	<p>It is the GOES decision to take action on this recommendation.</p>
<p>* That DGC and MOP be urged strongly to make maximum use of SIAMV in order to assure the best feasible maintenance of the roads and, thereby, help to assure the sustainability of the road system.</p>	<p>Done. The Mission has used several means to encourage the GOES to take action on this subject.</p>
<p>* That MOP/DGC adopt as policy the contracting of road maintenance where possible and begin to develop the methodologies by which that policy could be carried out. To accomplish this the DGC should develop a plan of action and a schedule for achieving a fully funded maintenance program with 75 % of the field work performed by contract by the year 2000.</p>	<p>Done. The GOES is taking action on this recommendation. A special unit has been created within the DGC to develop strategies to move in the direction of the recommendation.</p>
<p>* That the GOES continue to try to interest foreign donors and lenders in the funding of reconstruction of tertiary and lower classifications of rural roads along with funding for national primary and secondary roads, standards for rural roads should be lowered enough to work greater lengths of road.</p>	<p>Done. The IDB is one of the participants.</p>
<p>* That the contracting organization and processes developed in the DGC-MU be continued for larger projects under the neighborhood road activities of Project No. 519-0394.</p>	<p>Done. The DGC Management Unit of Project 0320 is the implementing unit of the road rehabilitation activity funded under Project 0394.</p>

## CEPA

RECOMMENDATION	ACTION TAKEN
<p>* That vertical timbers be added to Pier "B" at Acajutla as soon as possible, as parts of the pier are already in service. One estimate for repair of the system has been placed at \$525,000. This should be confirmed or revised prior to funding.</p> <p>* There is a serious deficiency in the design of the pier protection system at Pier "B" that, unless corrected, could lead to destruction of part of the system funded by this Project. The basic design is sound, but vertical timbers were left off the face of the fender system. These are timbers a vessel would come in contact with while tied up at the pier. As it is now, the horizontal structure of a ship, such as the bumper (rub rail) or the ship's gunwale, could ledge under the exposed horizontal walers and tear them and the energy absorbing rubber blocks off the pier.</p>	<p>Done. Based on the TA (LBII) assessment and recommendations, CEPA installed 40 very large rubber tires to protect the pier. Funding was made through a reprogramming of the existing funds in the LC (Counterpart) Action Plan that provided the funding for the activity.</p>

## WS&S Sector

### (A) For the USAID:

RECOMMENDATION	ACTION TAKEN
<p>* The design of USAID's proposed Social Sector Reform Activity should recognize that effective WS&amp;S interventions are important to lowering morbidity and mortality from diarrheal diseases. (And, therefore, to reducing the case loads at regional health centers and hospitals.)</p>	<p>Recommendation not accepted. Only education activities were included in the design of the Social Sector Reform Activity.</p>
<p>* That the work and financing of the PVOs should continue, and should be expanded and extended if possible. Improvements in WS&amp;S are, as they were when Project No. 519-0320 was authorized, some of the highest priority health interventions possible.</p>	<p>Done. PVO's activities were extended in time and funding levels, including Project 0394 funds.</p>
<p>* That the USAID should continue to closely monitor the work in the field; not only the design and construction, but the health education aspect and the community organization and management systems as well, to assure that the long term objectives of the Project are achieved. The Municipalities in Action and the Municipal Development programs probably can and should assist in the community organization.</p>	<p>Done. OHE has personnel in its staff with these responsibilities.</p>
<p>* That the USAID should prepare a new Logical Framework for the water supply and sanitation activity for the remaining 18 months of the Project.</p>	<p>Done. The Project Agreement and the PVO's Cooperative Agreements were amended.</p>

**(B) For the GOES**

RECOMMENDATION	ACTION TAKEN
* The GOES should institutionalize by suitable legislation a national organization or organizations to make available to water system managements and small municipalities the appropriate TA, policy guidance, and sources of financing, by both grants and loans,.	In process. The GOES is conducting a WS&S sector Reform that include changes in the legislation.
* That all water committees, commissions, cooperatives, management entities, etc. should be so organized as to come under cognizance of the municipal government for oversight and regulation, whether or not the system is actually operated by the municipality. As the elected official closest to the people, the mayor is the first place a system's manager should look for assistance. And if they do not get results, they can vote him out at the next election. The relationship of the municipalities to independent systems should be set forth clearly in appropriate legislation.	Done. The Cooperative Agreements with the PVOs that are implementing the WS&S activities have incorporated this recommendation.
* That the GOES should relieve ANDA of responsibility for WS&S outside the San Salvador greater metropolitan area as fast as the municipalities can be trained and have developed the capability to take over and operate their ANDA-owned systems. In so far as possible, delivery of service to the public should lie with the level of government closest to the people served that is capable of delivering those services. In the case of WS&S, that level should be municipality or a local water committee.	In process. The GOES is conducting a WS&S Sector Reform which will allow the implementation of this recommendation.
* That ANDA should not allow its Rural Development Office, which regulates and sets standards for rural potable water supplies, to continue to wither until and unless this function is assumed by another entity.	In process. The GOES is conducting a WS&S Sector Reform which will strengthen the Rural Development Office of ANDA.
* That the GOES should begin to study possible sites for potable water reservoirs. The water table, or water level in aquifers, in El Salvador is found to be dropping and in some places wells have ended up as dry holes. The time probably is not far away when urban centers and even small towns will have to begin to build relatively small surface water reservoirs and water treatment plants to assure their water supply. That has happened in other countries and probably will happen here. Water resources agencies in El Salvador probably are aware of this, but will want to put off facing the situation.	It is the GOES decision to take action on this recommendation.

**Project Support**

RECOMMENDATION	ACTION TAKEN
* Delivery of commodities needed to support Project start-up can be expedited by USAID authorizing the TA Contractor's Home Office to purchase immediately after contract signing. Purchasing at least some portion of the necessary equipment at the onset of Project activities (through the GSA schedule) would facilitate the early planning and implementation activities.	Recommendation not accepted. Contractors are not allowed to purchase through the GSA schedule.



## VII. LESSONS LEARNED

- \* The more complicated the implementation arrangements of an activity, project, or sub-project, the higher the risk of implementation failure.*
- \* PIOs for services or commodities which are critical to initiating implementation or allowing implementation to be successful should be issued immediately following the signing of a Project Agreement.*
- \* Large and complex Projects, especially those with serious implementation problems, require strong management.*
- \* Special implementing units for projects or activities can be helpful to the implementation process; however, they can also be an impediment to institutional improvement.*
- \* USAID funds and/or influence within a country can be such that it can get the head of a host country agency to agree to implement a project or activity which the agency can not handle or is not truly interested in doing. When this happens, USAID may find that the agency as a whole is structurally unwilling and/or unable to devote the necessary attention to the project or activity to make it work.*
- \* A project to maintain basic infrastructure may be a critical need during a civil war in order to avoid economic collapse. Having such a project in place at the end of the war can also accelerate the implementation of reconstruction interventions.*
- \* Water supply and sanitation infrastructure construction projects in rural areas will not have the desired health impact, nor be sustainable, unless there is organized community participation and meaningful (to the community) health promotion activities preceding, during, and after the construction period.*
- \* Health education designed to encourage the proper use of new water and sanitation facilities is rarely effective unless it is coordinated with continued monitoring and support by local groups, e.g., Water and/or Health Committees, and carried out in cooperation with mothers, lay health promoters, teachers and other local personnel.*
- \* The possibility of unauthorized use, at least from USAID's standpoint, of Project funded vehicles commonly exists in USAID projects.*
- \* Commodity end-use rules need to be re-examined and revised so that they are not an encumbrance to implementation.*

## VIII. CONCLUSIONS

*The following are some of the most important positive impacts of the Project:*

- \* Component I activity permitted the continuity of utility and transportation services during the war which helped preserve the national economy and the livelihoods of persons working in the industrial and commercial sectors of the economy. The continued availability of these services made possible an economic climate which attracted foreign investment even before the Peace Accords.*
- \* Activities under Components II and V resulted in the rehabilitation of 1,200 kilometers of rural roads, of which one third were in the ex-conflictive zones, which clearly had a significant impact in the rural areas: traffic has been restored on hitherto impassable roads, buses can now be seen running, and farmers have access to markets.*
- \* ANDA activities under Component III resulted in 100,000 rural residents acquiring, or re-acquiring, access to an adequate source of potable water. The WS&S Component will continue until September 1996, with expectations to benefit an additional 171,400 people.*
- \* Because of research carried out under the WS&S Project elements on latrines and the subsequent success in community acceptance and use of them, FIS (IDB funded) and others are going to once again build latrines with their water supply activities. They have also seen the value of the local water committees and the willingness of the local committees to take responsibility for operating and maintaining their improved water systems.*
- \* Even though it is too early to have health impact data available, there is a strong feeling among beneficiaries, especially mothers, that their children are getting sick less frequently. This indicates that health promotion (and the fact that Health Committees are actively involved in promotion campaigns) is a key element of any rural WS&S program.*
- \* In WS&S activities, women play a key role and were very important actors in their communities during planning, implementation, operation, maintenance and effective use of the facilities.*
- \* The impact of employment generation by the Project was significant. The Project Evaluation Report indicates that the Project generated approximately 18,300 person years of work directly on the performance of sub-projects. With an indirect multiplier of about 2.5, the indirect employment generated in other parts of the economy would be about 40,000 person years.*
- \* The training provided to individuals, especially in the Management Units, developed skills which are readily marketable in the private sector, as evidenced by high turnover in some Components. Thus the Project has been career enhancing for some individuals and has made a small contribution to the productivity of the economy.*

\* TA activities strengthened the management capability of AME. USAID funded the establishment of AME under a previous project and provided it with support under both Components II and IV of Project No. 519-0320. Even though AME needs additional funding for parts, equipment and specialized vehicles, AME is now servicing the vehicles and heavy equipment of the Roads and Urbanization Directorates of MOP.

\* As a result of the work done by the Road Rehabilitation Management Unit (MU), the DGC developed managers which now are of considerable value to the DGC. As an example, a former manager of the MU has been named the manager of the much larger highway and road program funded by loans from the IDB, CABEI and Japan. It appears that systems and processes which proved effective in the MU may be adapted to other parts of the DGC.

\* CEPA communications with its subsidiary organizations were substantially improved and the Acajutla Port is now more efficient in managing port operations because of the Component IV support provided to expand their computer systems.

\* The Project highlighted the need for change in GOES organizations and methodologies to assure the delivery of public services to rural areas and small municipalities. Specifically:

- No national entity seems to accept the responsibility to support independent municipalities and rural water committees in the development and maintenance of small water systems. These services are currently being provided by independent ad hoc organizations, such as the National Reconstruction Secretariat (SRN), FIS, and the PVOs/NGOs, with outside funds (USAID and IDB).

- New funding and management mechanisms for road maintenance must be found if the recent investment in road rehabilitation is to be protected.

## **IX. FOLLOW- UP ACTIONS**

SETEFE has to liquidate or reimburse to USAID an open advance amount of \$40,386.01, which corresponds to the following activities:

Component III, ANDA	\$9,820.21
Component IV, AUDIT	\$16,721.00
Component V, MEA	\$13,844.80

For ANDA and MEA, SETEFE is reconciling its accounting records to verify the outstanding advance. USAID will send a letter with a due date. If SETEFE does not make the liquidation/reimbursement, a bill for collection will be sent to SETEFE.

For Audit, the contract for the period January 1, 1994 through March 31, 1995 is almost completed. Payments and liquidations are in the respective process.

**ACTION** **MISSION**  
**MEMORANDUM TO THE DIRECTOR**

FROM: Tully R. Cornick, IRD

SUBJECT: Project Assistance Completion Report - Public Services Improvement project - Grant Agreement with the Government of El Salvador - A.I.D. Project No. 519-0320.

DATE:

In accordance with Handbook 3, Chapter 14, and USAID/El Salvador Mission Operational Manual, Chapter 770 entitled "Project Close-Out" and Chapter 8015 entitled "Close-Out of Contracts, Grants, and Cooperative Agreements", attached is the Project Assistance Completion Report (PACR) for the Public Services Improvement Project - Grant Agreement with the Government of El Salvador - A.I.D. Project No. 519-0320. All non-water and sanitation activities terminated on schedule on 31 March 1995. The PACD for WS&S activities is 30 September 1996. A PACR for WS&S activities should be prepared at the end of their implementation.

**Recommendation:** That you approve the attached Project Assistance Completion Report.

APPROVED: [Signature]  
DISAPPROVED: \_\_\_\_\_  
DATE: 17 March 1997

Drafted by:	EGirón, IRD/ENG	Date:	11-JUN-96
Cleared by:	TCornick, IRD	Date:	13-7-96
	LPizarro, CO	Date:	20 JUNE 96
	CAdams, CONT	Date:	21/01/97
	PKranstover, SDO	Date:	31/7/97
	BChinchilla, OCG	Date:	03/13/97
	MWilliams, A/DDIR	Date:	03/17/97

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20 JUN 1996  
OCG

Office of the Controller  
**REVIEWED** [Signature]  
DATE 02/07/97



AGENCY FOR INTERNATIONAL DEVELOPMENT  
UNITED STATES OF AMERICA A. I. D. MISSION  
TO EL SALVADOR  
C/O AMERICAN EMBASSY.  
SAN SALVADOR, EL SALVADOR, C. A.

**ACTION MEMORANDUM TO THE MISSION DIRECTOR**

FROM: Tully R. Cornick, SSO Team Leader *[Signature]*  
SUBJECT: Project Assistance Completion Report - Public Services Improvement project - Grant Agreement with the Government of El Salvador - A.I.D. Project No. 519-0320.  
DATE: March 18, 1997 *DT 12* *8-5-90*

In accordance with Handbook 3, Chapter 14, and USAID/El Salvador Mission Operational Manual, Chapter 770 entitled "Project Close-Out" and Chapter 8015 entitled "Close-Out of Contracts, Grants, and Cooperative Agreements", attached is the Project Assistance Completion Report (PACR) for the Public Services Improvement Project - Grant Agreement with the Government of El Salvador - A.I.D. Project No. 519-0320. All non-water and sanitation activities terminated on schedule on 31 March 1995. The PACD for WS&S activities is 30 September 1997. A PACR for WS&S activities should be prepared at the end of their implementation.

**Recommendation:** That you approve the attached Project Assistance Completion Report.

APPROVED: *[Signature]*  
DISAPPROVED: \_\_\_\_\_  
DATE: \_\_\_\_\_